



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	SB0502	Title:	Environmental impact ombudsman
Primary Sponsor:	Keane, Jim	Status:	As Amended

- | | | |
|---|--|---|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input checked="" type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:					
General Fund	\$7,698	\$43,782	\$43,782	\$44,877	\$45,999
State Special Revenue	\$16,667	\$200,000	\$200,000	\$205,000	\$210,125
Revenue:					
General Fund	\$0	\$0	\$0	\$0	\$0
State Special Revenue	\$16,667	\$200,000	\$200,000	\$205,000	\$210,125
Net Impact-General Fund Balance	<u>(\$7,698)</u>	<u>(\$43,782)</u>	<u>(\$43,782)</u>	<u>(\$44,877)</u>	<u>(\$45,999)</u>

Description of fiscal impact: SB 502 creates an Environmental Impact Ombudsman funded by fees paid by the person or organization requiring the services of this ombudsman. A half-time FTE in the Office of Economic Development would be required to administer the program.

FISCAL ANALYSIS

Assumptions:

Office of Economic Development

- Persons applying to a state agency for a permit, license, or other authorization may request the services of an environmental impact ombudsman. These services are not required.
- The Office of Economic Development does not currently have the capacity to bid, negotiate, and monitor contracts. It is estimated it will require a half-time person to negotiate and administer contracts issued under this bill. This 0.50 FTE would be funded with general fund as the bill does not specify that overhead costs may be charged to the applicant. Personal services would be \$40,625 in FY 2010 and FY 2011. Operating cost of miscellaneous expenses is \$3,157 in FY 2010 and FY 2011. Both expenses increase at 2.5% per year thereafter.

3. The bill requires the Office of Economic Development to develop and maintain a list of individuals qualified to perform these services, and the services would be done on a contract basis by a consultant or consulting firm. The ombudsman is not an FTE. It is assumed that the services would be required at the same level as a full-time employee, although it is impossible to predict how many hours would actually be required, since this is a new function. The Department of Administration, Purchasing Bureau, estimates that depending on the level of experience required, these costs would be from \$90/hour to \$130/hour for one contractor. An estimate of \$100/hour for 2,000 hours per year with a 2.5% annual inflation factor starting in FY 2012 was used.
4. The amendment results in an immediate effective date upon passage. It is assumed that the program could be stood up by June 2009; therefore FY 2009 expenses are calculated as 1/12 of FY 2010 expenditures. Office set up cost of \$4,050 is included in FY 2009 operating costs.
5. The applicant would be required to pay all fees and costs to engage the contractor. There would be a zero net impact to the Governor's Office budget for the contract costs; the administrative FTE and associated operating for that person would be general fund. It is assumed that any fees would be collected by the agency responsible for the environmental impact statement, and that funds would be transferred to the Governor's Office to pay the costs of the ombudsman. However, a new state special revenue account may be required for the Governor's Office to collect and spend the money.
6. The operating costs and the personal services costs were computed using a model provided by the Department of Environmental Quality, adjusted for costs associated with the Governor's Office.

	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<u>Fiscal Impact:</u>					
FTE	0.05	0.50	0.50	0.50	0.50
<u>Expenditures:</u>					
Personal Services	\$3,385	\$40,625	\$40,625	\$41,641	\$42,682
Operating Expenses	\$20,980	\$203,157	\$203,157	\$208,236	\$213,442
TOTAL Expenditures	<u>\$24,365</u>	<u>\$243,782</u>	<u>\$243,782</u>	<u>\$249,877</u>	<u>\$256,124</u>
<u>Funding of Expenditures:</u>					
General Fund (01)	\$7,698	\$43,782	\$43,782	\$44,877	\$45,999
State Special Revenue (02)	\$16,667	\$200,000	\$200,000	\$205,000	\$210,125
TOTAL Funding of Exp.	<u>\$24,365</u>	<u>\$243,782</u>	<u>\$243,782</u>	<u>\$249,877</u>	<u>\$256,124</u>
<u>Revenues:</u>					
General Fund (01)	\$0	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$16,667	\$200,000	\$200,000	\$205,000	\$210,125
TOTAL Revenues	<u>\$16,667</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$205,000</u>	<u>\$210,125</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>					
General Fund (01)	(\$7,698)	(\$43,782)	(\$43,782)	(\$44,877)	(\$45,999)
State Special Revenue (02)	\$0	\$0	\$0	\$0	\$0

Technical Notes:

1. It appears to be unclear in the bill which agency would be responsible for actually collecting the fees, and how the distribution would work mechanically. The amendment in Section 4(1)(b) requires that a permit applicant pay to the permitting agency the fee for the ombudsman as part of the EIS fee paid under MEPA. However, under sections 1, 2, and 3 of the bill, the fee is negotiated by, paid to, and spent by the Office of Economic Development, not the permitting agency. Additionally, Section 4(5) says “All fees and costs collected under this part must be deposited in the state special revenue fund as provided in 17-2-102.” For the purposes of the fiscal note, it was assumed that DEQ would collect the money and distribute it to the Governor’s Office.

Sponsor’s Initials

Date

Budget Director’s Initials

Date